

# Finance and Resources Committee

10.00am, Thursday, 15 August 2019

## Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh

Executive/Routine	Routine
Wards	5 - Inverleith
Council Commitments	<a href="#">35</a>

### 1. Recommendations

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- 1.1 That Committee approves the grant of a new 25-year lease to Drylaw/Telford Community Association on the terms and conditions outlined in this report and on such other terms and conditions that to be agreed by the Executive Director of Resources.

**Stephen S. Moir**

Executive Director of Resources

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## Lease for Drylaw Neighbourhood Centre, Groathill Road North, Edinburgh

### 2. Executive Summary

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- 2.1 Drylaw/Telford Community Association wish to extend their lease for the Drylaw Neighbourhood Centre. This report seeks approval to grant a new 25-year lease.

### 3. Background

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- 3.1 There are 39 Council owned community centres in Edinburgh, the majority of which are leased out to management committees. The management committees work in partnership with Lifelong Learning, FM and Business Support, and operate in accordance with the Council's model constitution for community centres to deliver a wide range of activities and other services to local communities.
- 3.2 There are also a number of community centres that have been established and function without such direct management input or property cost contribution from the Council. Drylaw Neighbourhood Centre is one such centre. In this case, the Council leased the land at £1 per annum and the Neighbourhood Centre was erected by Drylaw/Telford Community Association (the Tenant) funded through Urban Aid.
- 3.3 The area of ground leased, as outlined red on the attached location plan (Appendix 1), is located in Drylaw and held on the Housing Account. The area extends across 4,600 sqm, or thereby, over a combination of developed urban land (1,600 sqm (35%), or thereby, and shaded grey on the attached location plan) and designated open space (3,000 sqm (65%), and shaded green on the attached plan). The potential for any major re-development of the site is limited given the open space designation.

### 4. Main report

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- 4.1 Drylaw Neighbourhood Centre opened on 5 November 1995 and delivers a wide range of programmes for children, young people, adults, older people and families. The organisation is a charity with the objective of promoting the advancement of

education, public participation in sport and the provision of recreation facilities, with the object of improving the conditions of life of the inhabitants of Drylaw/Telford. The charity is managed by a voluntary board of trustees.

- 4.2 The existing lease between the Council and the Drylaw/Telford Community Association dates from December 1994 and is due to end on 21 December 2019. Consequently, the Association has approached the Council stating their interest of a lease extension of 25 years on similar terms.
- 4.3 It is considered that a new lease is required rather than a lease extension as the lease terms require modernisation to reflect changes in law over the past 25 years. One of the consequences of this, from a strict legal perspective, is that the building reverts to the Council ownership, which would be the position in any event on conclusion of the original ground lease.
- 4.4 As with all new leases, options have been considered in terms of the appropriate rent in this case. Three options are legally available as follows:
1. Continue to lease the subject(s) at a nominal rent, at £1 per annum.
  2. Charge a rent of based on the area of ground, at £11,600 per annum (based on a comparable industrial ground leases).
  3. Charge a full market rent for the whole property (includes ground and community centre development), estimated at £35,000 per annum.
- 4.5 Drylaw/Telford Community Association have asked that the rent remains at a nominal level and state that any increase will have a negative impact on the services they can provide and may ultimately force the centre to close.
- 4.6 As Committee has been previously advised, when considering the rent to be recommended, the particular circumstances of each case warrants consideration. While the Asset Management Strategy, approved in 2015, promoted the conversion of concessionary lets to full market rental level, the level of analysis on individual cases, at that time, was limited to a black or white assessment, i.e., the Asset Management Strategy took no cognisance of the social, local or political aspects that typically reflect the reality when making decisions of this nature. In this case, the asset is a community facility built and operated from for over 20 years and has no property strain cost to the Council.
- 4.7 Previous reports considered by Committee since May 2017 have been considered and, it is noted that identical circumstances existed with the Venchie at Niddrie Mains Terrace granted a new 25- lease at £1 per annum, on 5 September 2017. It is for the reasons set out above, that option 1 is recommended.
- 4.8 Draft Heads of Terms (provisionally agreed with Drylaw/Telford Community Association) are as follows:
- Tenant: Drylaw/Telford Community Association;
  - Transaction Type: New lease;
  - Lease Duration: 25 years;

- Rent: Option 1, 2 or 3 stated above.
- Use: The property will only be used as a community centre for enhancing education, leisure and health and wellbeing, and improving conditions for the surrounding community;
- Repair/Maintenance: Tenants full repairing and insuring obligation;
- Fees: Tenant is responsible for the Landlords reasonably incurred surveying and legal costs in preparation of the lease.

## **5. Next Steps**

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- 5.1 If Committee approval is granted, the Council will enter into a new lease with the Drylaw/Telford Community Association in accordance with the terms and conditions stated within this report.

## **6. Financial impact**

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- 6.1 The Drylaw/Telford Community Association will continue to be responsible for all maintenance costs, rates and other outgoings associated with the leased subject(s).

## **7. Stakeholder/Community Impact**

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- 7.1 Community centres are a positive contribution to the local community by providing learning and development opportunities, physical activities and social support to the members it serves.
- 7.2 Local Councillors have been informed about this proposed transaction and report.
- 7.3 The Integrated Impact Assessment (IIA) checklist has been completed and the outcome is that a full IIA is not required for this report. The proposal of this report is to grant a new lease to a tenant who has been in occupation of the subject(s) for a number of years and presents no/minimal impact on equality, economy and the environment.

## **8. Background reading/external references**

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- 8.1 [Item 7.2 Transformation Programme: Property and Asset Management Strategy](#) – Finance and Resources Committee 24 September 2015.

## **9. Appendices**

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- 9.1 Appendix 1 – Location Plan



LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:1000

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Appendix 1 Drylaw Neighbourhood Centre 67B Groathill Road North Edinburgh	
DATE	28/06/2019
SURVEYED BY	
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT2275/A3/2143

AREA SHOWN DELINEATED RED - 0.461 ha (1.139 Acre), or thereby